

BUSINESS RECOMMENDATIONS TO FACILITATE THE USE OF RETURN-REFILL CONTAINER SYSTEMS IN CROSS-BORDER TRADE

POLICY STATEMENT

Prepared by the ICC Commission on Customs and Trade Facilitation

Global value chains and the rise in e-commerce have led to a considerable increase in the cross-border movement of goods. During customs clearance procedures, containers and packaging are disregarded provided they are carrying goods. However, the return of empty containers, packaging and tracking and tracing devices as part of a return-refill system, can become subject to stringent customs clearance formalities. Customs administrations across the world have different and often disparate compliance requirements. Many of the challenges can be addressed by proper implementation and compliance with existing International Conventions. To that effect ICC calls upon the World Customs Organization to develop, in close cooperation with the private sector, guidance for Customs administrations to ensure countries harmonize their regulatory frameworks – treating return-refill systems in line with customs clearance formalities for containers.

More and more companies are employing return-refill reusable packaging and containers as part of their shipments to transport goods across borders. Reusable containers and packaging of a return-refill nature can take many different forms, such as custom racks for car parts, base frames for loose dispatch of garments, and stackable containers for products of different sizes and geometrical shapes. In terms of environmental policy, return-refill packaging and containers allow for the conservation of natural resources, and as such, can be a valuable tool to decrease environmental footprints. Furthermore, tracking and tracing systems¹ enhance transporters' ability to monitor shipments and containers during transport. These devices may be used to track location, humidity, light, temperature, pressure, and shock during carriage. They facilitate the safe, secure, and efficient transport of goods and as such prevent the loss of goods during transport – including life-saving medical devices and treatments.

By design, return-refill systems require containers and packaging to carry cargo from a specified production site to a designated point of delivery, only to be returned empty either directly or via a number of stations. The returned containers and packaging are later reused to transport other shipments. Similarly, tracking and tracing systems are often consolidated at a destination and returned to their point of origin, as the shipment they accompanied is consumed at its destination. The systems' real value is related to their use in the transportation process.

Global value chains and the rise in e-commerce have led to a considerable increase in the cross-border movement of goods. During customs clearance procedures containers and packaging are disregarded provided they are carrying goods. However, the return of empty containers and packaging as part of a return-refill system can become subject to stringent customs clearance formalities. Customs administrations across the world have different and often disparate compliance requirements for such containers and packaging, including:

- Clearance by simple customs declaration;
- Customs clearance procedures that set deadlines and limits on re-exportation;
- Rules mandating the implementation of return-refill systems in the absence of which significant customs duties are payable;
- Request to provide a detailed and comprehensive record of containers beyond stipulating the number of units – specifying other distinguishing features such as weight and serial numbers of individual containers; and
- Imposing customs fees and taxes.

Tracking and tracing systems accompanying consignments for logistic, safety or security reasons face equivalent procedures.

Assessing the cost and time to attain customs clearance is a serious challenge for traders.

These different approaches lead to uncertainty and unpredictability among exporters and discourage the use of return-refill as well as tracking and tracing systems. Predictability, reliability and consistency are prerequisites to foster international trade.

¹ Including cargo security systems.

ICC recommendations

The 1972 Customs Container Convention covers any container above one cubic meter. In addition, Annex B.3 of the 1990 Istanbul Convention on Temporary Admission provides for the temporary admission of containers, pallets, packaging and other goods imported to facilitate carriage in connection with a commercial operation. Many of the challenges described above would be addressed by the proper implementation and compliance with these conventions. ICC therefore encourages customs administrations and other stakeholders to ensure their procedures adhere to the conventions.²

Return-refill systems can significantly contribute to more efficient and less costly cross-border trade as well as environmental sustainability in line with the UN Sustainable Development Goals. With empty containers and packaging subject to a multitude of lengthy, costly and inconsistent customs clearance systems, businesses are less likely to make use of return-refill systems.

ICC thus recommends the following customs handling:

- Provided that (i) the packaging has been used and/or will be re-used, (ii) there has been no change in ownership, return-refill systems and tracking and tracing systems should be allowed to cross borders without formal customs declaration, without duties, taxes and customs fees, and without the necessity of re-exportation.

Furthermore, ICC calls upon the World Customs Organization to develop guidance for customs administrations, in close cooperation with the private sector, to ensure countries harmonize their regulatory frameworks with the above mentioned conventions – enabling the use of return-refill systems and related tracking and tracing systems. ICC offers its full support in this regard.

² Insofar as they are not covered by the 1972 Customs Container Convention or Annex B.3 of the 1990 Istanbul Convention on Temporary Admission i.e. less than one cubic meter.



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